1. BellSouth's Bills Are Inadequate

WorldCom has had significant problems with its wholesale bills from BellSouth due to formatting and other errors. These bills appear to have incorrectly co-mingled UNE-P and resale usage, have billed usage against the wrong Billing Account Numbers ("BANs"), and have failed to transmit the Billing Telephone Numbers ("BTNs") for many customers altogether. Without correctly formatted bills, WorldCom cannot audit the information that BellSouth provides to determine whether charges are being correctly assessed. WorldCom cannot simply assume that charges are correct but – like any business – must be able to ensure that the bill matches the circuits and features provided to our end user customers. In its recent Pennsylvania Order, ¶ 13, this Commission properly explained that BOCs must provide CLECs with complete, accurate and timely wholesale bills and with complete, accurate and timely reports on the service usage of CLECs' customers. BellSouth does neither. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 101-02.)

WorldCom's audit of the August UNE-P bills it received showed that 6.5% of the lines for which WorldCom was billed did not include a BTN. (The bills included only the area codes instead of the complete BTNs for these numbers.) Without a BTN, WorldCom sees a charge or credit but does not know the account to which the charge or credit is supposed to relate. It therefore cannot even determine whether the charge or credit relates to a bill for a legitimate WorldCom customer, much less compare the charge or credit against the amount WorldCom expects to receive for a particular customer. WorldCom called BellSouth several months ago to protest the missing BTNs on the bill. BellSouth did not look into the issue. Instead, BellSouth

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BellSouth failure to return many notifiers.

informed WorldCom that if we did not pay our bills as a result of this issue, BellSouth would cut off WorldCom's service. WorldCom has therefore paid the bulk of the bills. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 103.)

BellSouth's bills also are billing usage against the wrong BAN. WorldCom has two UNE-P BANs in Georgia – one for the 770 area code and a 678 BAN for the rest of the state. BellSouth is billing customers from the 770 area code on the incorrect BAN. In fact, 14,210 of 14,397 of the BTNs billed on the 678 BAN in September belonged on the 770 BAN. This makes it more difficult to maintain records and track disputes. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 104.)

In May, BellSouth sent a letter to WorldCom informing it that it would be "transferring" resale billing to WorldCom's UNE-P BANs. Presumably BellSouth has done so. But BellSouth should not have done so as WorldCom has no way to separate out any resale billing from UNE-P billing. And WorldCom has no idea what ostensible resale charges have been transferred. BellSouth's difficulties in transmitting correct wholesale bills are apparent from one final remarkable example. BellSouth is transmitting WorldCom bills for Florida UNE-P service. But WorldCom does not offer UNE-P in Florida. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 105-06.)

Not surprisingly, KPMG has opened a number of exceptions regarding inaccuracies in BellSouth's wholesale bills during its Florida test. Although it has not found identical problems to those WorldCom has found, it has opened Exception 44 (incorrect quantities of unbundled switching and transport usage); Exception 60 (failure to cease billing on disconnected auxiliary

lines); Exception 62 (incorrect rate for service order mechanized charge), and Exception 96 (incorrect usage charges on resale bills). (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 107.) BellSouth must fix its many wholesale billing problems prior to section 271 authorization.

2. BellSouth's Help Desk Is Not Helpful

Calls to the BellSouth billing help desks have not elicited any help. The BellSouth representatives have stated that they have not been trained in UNE-P and have referred WorldCom back to its own BellSouth account team (which referred WorldCom to the Help Desk in the first place). On August 21, BellSouth finally sent WorldCom a note clarifying "the role that Yvette Scott holds as the point of contact for you. She will be available to take questions about disputes and either direct you to the correct group or person or give you a written status of the disputes in question. Yvette has just recently accepted this assignment and she is in the process of learning UNE-P. She will therefore not be able to answer your questions or give you a status without investigation of the [sic] each one." (Att. 15 to Lichtenberg, Desrosiers, Kinard & Cabe Decl.) On October 9, BellSouth sent another note to inform WorldCom that two of its service representatives had completed UNE-P training. "As with anything new, we will be slow at first, but as experience is gained will complete your disputes in a timely manner." (Att. 16 to Lichtenberg, Desrosiers, Kinard & Cabe Decl.) It is shocking that 5 months after WorldCom launched service in Georgia with UNE-P, BellSouth is just now providing representatives who have been trained in UNE-P, and even now admits resolution of issues will continue to be slow. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 108.)

KPMG also opened an exception related to the difficulties in dealing with BellSouth's

billing work center during its Florida test – Exception 37 (lack of a formal process for identifying and planning for variations in level of staff required to support work load). (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 108.)

3. Metrics Measurement and Backsliding Issues Should Be Resolved

In addition to the metrics issues that have been discussed in conjunction with particular OSS problems throughout the Lichtenberg, Desrosiers, Kinard & Cabe Declaration, there are two other metrics issues of particular note. First, when the FCC rejected BellSouth's prior section 271 applications, it criticized BellSouth's measurement of average completion interval. The Commission explained that BellSouth's measures "only begin their analysis once an order has cleared BellSouth's SOCS systems. By beginning the interval at the time the order clears BellSouth's SOCS system, rather than when the order is first submitted, these measures fail to capture the delays in order processing caused by the high order rejection rates discussed above. In addition, BellSouth's measures do not provide information on the time it takes BellSouth actually to install service." South Carolina Order ¶ 134. That remains true today. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 167.)

BellSouth continues to measure average completion interval beginning when an order reaches SOCS (when BellSouth transmits the FOC). Thus, if a CLEC submits an order, it takes two weeks for that order to reach SOCS, and one additional day to complete, the average completion interval in BellSouth's measures would be one day. Since many orders are delayed or even lost before reaching SOCS, BellSouth's erroneous definition of average completion interval likely significantly understates that interval. (Lichtenberg, Desrosiers, Kinard & Cabe

Decl. ¶ 168.)

In addition to problems with specific measures, BellSouth's performance plans in Georgia and Louisiana are insufficient to prevent backsliding. While the other remedy plans included in section 271 applications filed by BOCs to date have set a specific critical value to determine whether a specific difference in performance between the BOC's retail and wholesale customers is discriminatory, BellSouth has proposed an added buffer of allowed discrimination which is supposedly "nonmaterial or non-competitively significant." Under BellSouth's remedy plan, BellSouth attempts to equalize the risk of making Type I errors (finding discrimination when it does not exist) and Type II errors (finding no discrimination when it does exist). But use of this method requires reliance on a parameter – delta – that is a measure, in units of the ILEC standard deviation, of the extent to which the ILEC mean exceeds the CLEC mean, or the reverse. The selected delta will determine how many standard deviations from equal performance is considered competitively significant. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 170.)

BellSouth's delta level of 1 for Tier I remedies and 0.5 delta for Tier II remedies adopted by Louisiana, and even its 0.5 and 0.35 delta for Georgia, make detection of discrimination for larger sample sizes very difficult. As the WorldCom paper by Professor John Jackson of Auburn University discusses, this one-size-fits-all delta approach can allow real discrimination to escape remedies for large sample sizes. (Att. 24 to Lichtenberg, Desrosiers, Kinard & Cabe Decl.) Moreover, the deltas in Georgia and Louisiana were not chosen by industry experts for each type of metric to determine what is competitively significant. (Lichtenberg, Desrosiers, Kinard &

Cabe Decl. ¶ 171.)

The Florida PSC understood these issues when it adopted Z-Tel's alternative to a lower 0.25 delta proposed by CLECs or the BellSouth proposed 1 delta. Although the Louisiana and Georgia Commissions reached a different conclusion, the Louisiana Commission adopted its staff report that gave a less than ringing endorsement of BellSouth's proposed 1 delta for CLEC-specific and 2 delta for CLEC aggregate reports by adopting an interim review period. Although the staff recommendation was voted on in February, the order was not released until May, so the 7 and one-half month trial proposed by staff is only in its second month. If this remedy plan is accepted as is, the FCC will free BellSouth from paying remedies for performance that would clearly trigger remedies in the New York, Massachusetts and Connecticut plans, as well as the three Southwestern Bell plans it previously approved. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 172.)

BellSouth's Self-Executing Enforcement Mechanism ("SEEM") also suffers the same infirmities as other per occurrence plans. Because with low ordering volumes the occurrences of discrimination will be small even if BellSouth discriminates on every measure, the plan does not provide BellSouth a sufficient incentive to resolve discriminatory performance. To the contrary, by continuing to perform badly, BellSouth can keep order volumes low and thus also keep remedies low. This is made even worse when the amounts per occurrence are remarkably low. For example, in August BellSouth failed the Billing Invoice Timeliness submetric on four occasions for WorldCom in Georgia where the remedy is only one dollar per miss, so the remedy payable to WorldCom is $4 – clearly not a large deterrent to a multi-billion dollar company.

(Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 173.)

4. BellSouth Is Unresponsive to CLEC Issues

One issue that lies at the bottom of all of WorldCom's specific concerns is BellSouth's failure to respond adequately to CLEC problems. As discussed above, it is extremely difficult to obtain answers from BellSouth on even relatively simple questions – even if BellSouth seems to be trying to be helpful. BellSouth's failure to respond adequately to WorldCom's problems with missing notifiers, billing issues, and line loss problems merely exemplify this concern. Indeed, more than 40% of WorldCom's IT resources for local efforts are spent on BellSouth even though less than 10% of WorldCom's monthly transaction volume is in the BellSouth region. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 174.)

Much of the difficulty appears to relate to the fact that BellSouth's entire IT department was outsourced between 1996 and 1997. Thus, OSS development is contracted out to outside vendors. But BellSouth requires CLECs to work through BellSouth to obtain answers to EDI questions. Generally we must work through our account team which has very little knowledge of EDI and must itself bring in BellSouth employees with more knowledge, and they then may have to obtain answers from the outside vendors. And it is not the same outside vendor for all parts of BellSouth's OSS. This creates substantial difficulties for CLECs.[33] (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 175-76.)

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33 CLEC difficulties are increased by BellSouth's failure to provide CLECs a walk through of their OSS systems as Verizon and other BOCs have done. Although BellSouth provided an overview of its systems at a UNE-P Users Group meeting, this overview was extremely high level and did not address the questions that CLECs asked. Without a detailed walk through, CLECs do not know how orders are processed and cannot help BellSouth

BellSouth's unwillingness to facilitate CLEC competition is also evident from the web site it has developed for CLECs to access performance reports. CLECs must pull the performance reports from the web. This is an extremely cumbersome process in the BellSouth region. CLECs must download the data one submetric at a time. This often takes up to two minutes per submetric for each of the hundreds of submetrics. Further, the reports do not clearly show what standard (benchmark or parity) against which performance is being measured, as do the reports BellSouth has provided to the FCC with its section 271 application. CLECs need to be able to quickly download a report in the format provided to the FCC, rather than spending hours pulling one report at a time. The problem is further encumbered by the frequent error messages and down times for the system. Moreover, if CLECs wish to print the data, they must reformat the data. In addition, the website is unavailable on the weekends. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 177.) Together with the fact that BellSouth's metrics often hide discriminatory treatment, these additional roadblocks make it very difficult for CLECs to document the magnitude of BellSouth's inferior performance.

F. Louisiana's OSS Has Not Been Shown to Be Identical to Georgia's and Comes from a Different Legacy System

BellSouth hopes that its Louisiana OSS will be approved based on the testing and experience in Georgia. As shown above, Georgia's OSS is wholly inadequate. But even if the Commission were to conclude that BellSouth's OSS performance in Georgia is acceptable, there is no basis for it to reach a similar conclusion with respect to Louisiana. BellSouth has almost no experience in Louisiana processing UNE-P orders – the only viable means of providing

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determine whether problems are theirs or BellSouth's. WorldCom learns about BellSouth's systems primarily from

ubiquitous residential competition. In the absence of an adequate third-party test, BellSouth must rely on its Georgia experience to show the readiness of its systems in Louisiana.

In its Kansas/Oklahoma Order, the FCC relied on evidence from Texas to conclude that SWBT's OSS was ready in Kansas and Oklahoma. It found that SWBT had provided specific evidence that its systems were the same throughout its region. It relied in part on SWBT's explanation "that it is the only 'Baby Bell' to survive intact as a regional BOC and, as such, has maintained a single region-wide set of OSS, including its back office systems for its own retail use long before divestiture in 1984. Kansas/Oklahoma Order ¶ 112 n.312. See also id. ¶ 118 n.320 ("[A]s WorldCom itself recognizes, however, 'it is quite likely that the OSS [in Kansas, Oklahoma and Texas' is more similar between these three states than between other states in the country' because 'a single legacy company – SWBT – historically provided local telephone service for all three states.'"). BellSouth, on the other hand, grew out of a merger of Southern Bell and South Central Bell. Georgia is a former Southern Bell state (as is Florida). Louisiana is a former South Central Bell state. As a result, there are likely important differences in BellSouth's legacy systems. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶¶ 117-18.)

Although we have no visibility into BellSouth's systems, BellSouth has acknowledged one significant difference in order processing in its systems. In the Southern Bell states, including Georgia, BellSouth has relied for many years on the DOE system as part of its ordering process. In the South Central Bell states, including Louisiana, BellSouth relied on the SONGs system to perform equivalent functions. BellSouth also used these systems during manual processing of CLEC orders. BellSouth relies on a Price Waterhouse Report to conclude these

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depositions and testimony. This is not a proper business relationship.

systems are equivalent. But an evaluation by Price Waterhouse without any input from CLECs, is not a substitute for a truly independent third-party test, much less for commercial experience. There is not a sufficient basis to conclude that DOE and SONGs will perform equivalently – or that the difference in these systems is the only difference in the back-end systems. See Letter of April 30, 2001 from Kentucky Public Service Commission Staff to BellSouth ("type of information" in Price Waterhouse audit will not substitute for "end-to-end testing and analysis" of orders "to ascertain how the SONGS software actually performs"). (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 119 & Att. 28.)

In addition, there are almost certainly important differences in BellSouth's manual processes for provisioning and maintenance. There are different centers for maintenance and provisioning in different states. Although these centers ultimately report to a common authority several layers up the organizational hierarchy, the managers frequently exercise their discretion and may do so differently.[34] Indeed, BellSouth has previously acknowledged comparing the performance of different centers and using the practices of the best performing center as a basis for suggesting possible improvements for other centers. For there to be best practices, however, there necessarily must be different practices. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 120.)

Thus, although there are undoubtedly important similarities in BellSouth's OSS throughout its region, there also are differences. Without significant commercial experience in

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34 For example, in Louisiana PSC hearings in Docket No. U-24714-A on April 24, 2001, Vol. II at 150-51, in discussing transmissions of requests for loop makeup to BellSouth by fax or e-mail, BellSouth witness William H. B. Greer stated that "BellSouth has the flexibility within different turfs, different districts, to do things differently." (Att. 27 to Lichtenberg, Desrosiers, Kinard & Cabe Decl.)

Louisiana, there is no way to know how significant these differences are and no way to conclude that BellSouth's Georgia experience is adequate to show readiness in Louisiana. In any event, BellSouth's Georgia experience does not even show BellSouth's OSS is ready in Georgia. (Lichtenberg, Desrosiers, Kinard & Cabe Decl. ¶ 121.)

II. BELLSOUTH HAS NOT SATISFIED CHECKLIST PRICING REQUIREMENTS.

This application is vitally important to resolve for the first time important pricing issues in the BellSouth region. The Commission's action on UNE rates in this application may effectively set the ceiling for price levels in the entire southeast. But the TELRIC problems that infect BellSouth's UNE rates prevent WorldCom from offering consumers a choice for local service anywhere in Louisiana (where the wholesale rate for standard loops in the rural zone is $48.43 and UNE-P is $49.62) and in part of Georgia. BellSouth's UNE rates must be significantly adjusted to comply with cost-based principles in order for local residential competition to succeed in BellSouth states.

As discussed below, inflated loop prices are the principal reason that WorldCom, and presumably others, are precluded from competing through leasing of UNEs. Loops are generally the single largest network element cost to competitors seeking to provide local competition using UNE-platform. BellSouth has failed to carry its burden of demonstrating that the rates reflect its costs or derive from a reasonable application of this Commission's TELRIC methodology.

In setting its rates for UNEs, BellSouth and the Georgia and Louisiana Public Service Commissions ("PSCs") made a number of methodological and input choices that fail to comport with TELRIC principles, as discussed below. Because correcting some of these errors would

require redesign of certain aspects of the cost models, WorldCom is not able to quantify the precise effect of all of these errors. Several errors, however, can be corrected by an input change in the models, and the effect of correcting these errors is significant. The net effect of these errors is that loops alone are several dollars per month more than they should be, which is frequently enough to break the fragile potential for local competition.[35] In short, UNE rates are set well above their TELRIC levels in both Georgia and Louisiana, and improperly limit local competition. (Frentrup Decl. ¶¶ 8, 22, 24.)

A. Improper Methodologies Result in Improperly High Rates

BellSouth pushes up its UNE rates by improperly using multiple scenarios with different mixes of integrated and universal digital loop carrier ("IDLC" and "UDLC" respectively) to compute different rate elements for loops depending on their use. For example, incorrectly claiming that unbundled loops cannot be served by IDLC, BellSouth runs its loop model using all UDLC for stand-alone loops, while using a mix of UDLC and IDLC for UNE-platform loops.[36] In addition, BellSouth performs runs of its models with no DLC at all to price asymmetric digital subscriber loops ("ADSL"). (Frentrup Decl. ¶¶ 3, 10.) This approach is inconsistent with TELRIC methodology for two reasons.

First, it fails to use the forward-looking technology, which is IDLC. In fact, even when BellSouth does use IDLC in its model, it does not use only IDLC that meets the current industry

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35 Making all these input changes discussed in subsection C reduces the loop cost reported by the model by $1.72, even before adding the effect of either of the methodological flaws regarding the treatment of IDLC and the use of excessive loading factors. (This is less than the sum of the individual changes because of interactions between the input changes.) Excessive Daily Usage Feed charges are likely to improperly add another $1.10 or more, resulting in a serious impediment of local competition. (Frentrup Decl. ¶¶ 8, 22, 24.)

36 See Caldwell Affidavit at 22.

GR-303 protocol. Contrary to BellSouth's assertion, unbundled loops can readily be provisioned from IDLC that uses the GR-303 protocol, and the failure of its cost model to do so means that the model does not meet TELRIC requirements. Second, by running different scenarios with different mixes of IDLC and UDLC, BellSouth is not following the TELRIC requirement that a model reflect all uses of the network. Modeling different networks for different purposes results in loss of the economies of scope that occur in a multi-use network. Thus, the cost models that BellSouth uses to develop its loop rates clearly violate cost-based TELRIC principles. (Frentrup Decl. ¶ 11.)

The effect of this error is substantial, although correcting the error would require re-designing BellSouth's cost model so that all digital loop carrier used was GR-303 compliant IDLC. It is clear that use of IDLC would significantly lower the cost of a loop. For example, in Louisiana, the unbundled stand-alone loop price that is computed by the BellSouth model is about one dollar a month more than the same loop when it is sold as part of a UNE platform.[37] If the UNE platform loop were provided using only GR-303 compliant IDLC, this difference would be even greater, and the UNE platform loop cost would be even lower. (Frentrup Decl. ¶ 12.)

B. "Loading" Factors Greatly Increase UNE Rates

The BellSouth cost models improperly boost UNE rates by failing to comply with TELRIC in their computation of total plant investment through the addition of "in-plant" or "loading" factors to the material investment. The equipment prices that are used as inputs in the

37 The prices for a stand-alone loop in the three zones in Louisiana are $12.90, $23.33, and $48.43. The corresponding prices for the platform loop are $11.77, $22.39, and $48.26. See Caldwell Affidavit, Exhibit DDC-5, pages 1 and 5. The percentages of lines in the three zones are 72, 23, and 6 percent, respectively. See id. at 56. This results in weighted average prices of $17.30 for stand-alone loops, which have no IDLC, and $16.27 for platform loops, which include some IDLC.

cost models are only the price of the materials themselves – the switch, copper cable or fiber cable itself. The engineered, furnished, and installed ("EF&I") cost of the equipment is then determined by applying loading factors to that material cost. The manner in which these factors were developed is not described in BellSouth's documentation of its cost models. Until BellSouth adequately describes the development of these factors, it is impossible to determine whether they accurately reflect legitimate costs of designing and placing the equipment, or are designed merely to inflate the forward-looking costs of the equipment to match BellSouth's embedded or historic costs. (Frentrup Decl. ¶¶ 13-14.)

These factors greatly increase the total cost of the UNEs. In Georgia, for example, the cost of an unbundled loop is more than doubled by use of these factors. Despite the fact that they are designed to reflect the cost to install and engineer the plant, the factors vary substantially from state to state by much more than could be explained by any labor or other cost differences. In addition, because BellSouth applies the same loading factors to all sizes of equipment, these factors add a great deal more total cost to areas that are served by large switches or cable sizes, i.e., primarily the more densely populated areas of the state. This difference occurs despite the fact that the cost for laying a cable or placing a switch does not vary linearly with size; e.g., it does not require twice as much expense to lay a 2400 pair cable as it does to lay a 1200 pair cable. Thus, the application of a single factor to determine EF&I costs overstates BellSouth's UNE costs, especially in more densely populated areas. (Frentrup Decl. ¶ 15.)

C. Inputs Are Not Consistent with TELRIC

In addition to the methodological problems with BellSouth's cost models discussed

above, which apply in both Georgia and Louisiana, there are a number of input values selected in Georgia that are inconsistent with TELRIC principles.

1. Loop Fill Factors

Use of an unreasonably low factor for the extent to which loops will be filled causes the BellSouth cost model to employ too much cable, resulting in inflated costs. The BellSouth model uses a fill factor of 48 percent for copper distribution, which is well below the fill factors adopted in the Commission's Synthesis Model ("SM") of 50 to 75 percent (depending on density zone). Adjusting this input to use a 62.5 percent fill factor for copper distribution would reduce loop costs in Georgia by $0.64. (Frentrup Decl. ¶ 17.)

Similarly, the BellSouth cost model employs fill factors for copper feeder of 69.5 percent and for fiber feeder of 74 percent. The SM used copper feeder fills of 80 percent in all but the two lowest zones, while the fiber feeder fill was 100 percent. The 100 percent fill factor is based on the fact that fiber cable can be "resized" simply by changing the electronics at the end of the fiber and, therefore, does not require additional fibers to accommodate growth or spares. Using a 100 percent fill factor for fiber feeder and a 78 percent fill factor for copper feeder would reduce loop costs in Georgia by $0.68. (Frentrup Decl. ¶ 18.)

2. Drop Lengths

Assumptions about the length of the loop that runs from the street to the end user's house or business impact UNE rates. BellSouth assumed an aerial drop length of 250 feet and a buried drop length of 300 feet. These lengths are unreasonably long. The BOC Notes on the LEC Network reports a national average drop length of only 73 feet. The SM used drop lengths of 150 feet in the two most rural zones, and 50 feet in the more urban zones. Thus, the drop lengths

used in setting UNE rates are unreasonably long. (Frentrup Decl. ¶ 19.)

The unreasonable nature of the lengths used by BellSouth is even more apparent by computing the average lot size implied by these drop lengths. A drop length of 250 feet implies an average lot size of 2.9 acres if the lots are square, and 2.3 acres if the lots are twice as deep as they are wide.[38] It is not plausible that the average lot size in Georgia for all businesses and residences is well over two acres. Use of these excessive drop lengths inflates the computed cost of the loop, and results in excessive UNE loop rates. Resetting drop lengths to 73 feet would lower loop rates by $0.34. (Frentrup Decl. ¶ 20.)

3. Mix of Residence and Business Lines

In Georgia, BellSouth determined the cost of residential and business loops, and then determined the statewide average cost by taking a weighted average of these types. The weighting used was approximately 78 percent residence and 22 percent business.[39] These weights are not consistent with the mix of residence and business lines used in the SM, or with the latest line data filed in ARMIS by BellSouth. Both those sources reflect a weighting of about 67 percent residence and 33 percent business. BellSouth acknowledges that the residence lines are the higher cost lines, so the statewide average computed by BellSouth is overstated. Using the residence and business weightings from ARMIS lowers loop rates by $0.32. (Frentrup Decl. ¶ 21.)

D. Daily Usage Feed Rates Are Excessive

38 BellSouth states that its cost model assumes that the drop runs from the corner of the lot to the customer's location. Assuming that the house or business is in the middle of the lot, one can compute the lot size implied by the assumed drop lengths.

39 Id. at 21.

BellSouth proposes to assess Optional Daily Usage Files ("ODUF") and Access Daily Usage Files ("ADUF") charges on CLECs to provide them with usage records for billable call events recorded by BellSouth's central offices. These excessive charges add significantly to the cost of serving a customer. Assuming that these charges are assessed only for the originating side of a call, WorldCom estimates that the monthly charge for an average customer for these charges will be at least $1.10. Apparently recognizing the excessive nature of its current charges, BellSouth has recently proposed to reduce these charges in Georgia substantially.[40] However, BellSouth does not typically charge other local exchange carriers for the same information, using a "bill-and-keep" arrangement instead. (Frentrup Decl. ¶¶ 23-24.)

BellSouth should completely eliminate these charges, because the costs recovered in these rates are already reflected in the shared and common costs that BellSouth adds on to the direct costs of its other UNEs to develop those UNE rates. Retaining the ODUF and ADUF charges would double-recover these costs and should not be permitted. At an absolute minimum, the costs for ODUF and ADUF should be completely removed from the shared and common costs recovered in the other UNE rates. (Frentrup Decl. ¶ 25.)

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The problems with the BellSouth cost models and the inputs indicate that the resulting UNE costs are clearly not cost-based, although the full magnitude of the errors cannot be determined on the partial information provided in BellSouth's application. Until BellSouth

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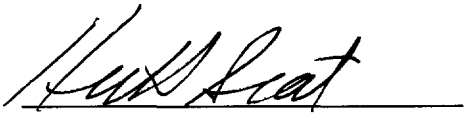
40 The sum of ADUF processing and transmission charges was cut from $0.007994 to $0.0019808, while the sum of ODUF processing, transmission, and recording charges was cut from $0.0046986 to $0.0026147. See Exhibit CKC-1, filed October 1, 2001 in GPSC Docket No. 14361, page 14 of 38. These rates are roughly half the current rates in Louisiana.

corrects its UNE rates to adjust for the problems outlined here, the Commission should refuse to grant BellSouth section 271 authority for Georgia and Louisiana.

CONCLUSION

BellSouth's Georgia-Louisiana application should be denied.

Respectfully submitted,



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October 22, 2001

CERTIFICATE OF SERVICE

I, Vivian Lee, hereby certify that I have this 22nd day of October, 2001, caused a true copy of Comments of WorldCom, Inc. and attachments to be served on the parties listed below:

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